Annual Report
1987-88

University of Regina, and University of Saskatchewan

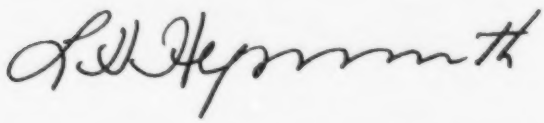
89-02460/

To the Honourable Sylvia Fedoruk
Lieutenant Governor of the Province of Saskatchewan

Your Honour:

I have the honour to submit for your consideration the Financial Statements of the University of Regina and the University of Saskatchewan for the year ending April 30, 1988.

Respectfully submitted,



The Honourable Lorne H. Hepworth
Minister of Education

Regina
March 1, 1989

THE UNIVERSITY OF REGINA

FINANCIAL STATEMENTS

For the Year Ended April 30, 1988

OFFICE OF THE PROVINCIAL AUDITOR

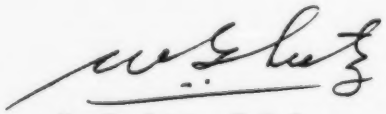
REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of The University of Regina as at April 30, 1988 and the statements of changes in fund balances and equity in fixed assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of The University of Regina as at April 30, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied, after giving retroactive effect to the change in its accounting policy for recognizing revenue concerning research grants as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
September 2, 1988.

W. G. Lutz, F.C.A.,
Provincial Auditor.

UNIVERSITY OF REGINA

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 1988

1. Summary of Significant Accounting Policies and Reporting Practices

(a) General

The statements, except for the items noted below, have been prepared in accordance with the "Guide to Accounting Principles, Practices and Standards of Disclosure for Universities and Colleges of Canada" approved by the Canadian Association of University Business Officers and commended for use by the Association of Universities and Colleges of Canada to its members.

The guide indicates that fixed assets should be capitalized, depreciation should not be recorded, and donated assets should be recorded at their fair market value. However, it provides until 1989 for the recommendations regarding fixed assets to be implemented. In accordance with the Guide expenditures for fixed assets from the Capital Fund are reflected as assets on the balance sheet with a corresponding entry to Equity in Fixed Assets.

The exceptions are:

i) Other than in the Capital and Ancillary Enterprises Funds, fixed assets purchases are not capitalized but are reflected as expenditures in the Statement of Changes in Fund Balances.

ii) Depreciation expense (1988 - $124,082; 1987 - $122,599) is charged on fixed assets related to the Ancillary Enterprises Fund. It is included in ancillary expenditures in the Statement of Changes in Fund Balances.

iii) Library books and periodicals have not been capitalized. However, microfilmed documents, which had a fair market value of $2 million at date of acquisition were capitalized at their purchase cost of $1 million with a corresponding entry to Equity in Fixed Assets. The balance, considered to be donated, has not been capitalized.

(b) Fund Accounting

The accounts of the University are maintained in accordance with the principles of "fund accounting" to permit the observation of limitations and restrictions placed on the use of available resources. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. Separate accounts are maintained for the Capital Fund, Trust and Endowment Funds and Operating Fund. The Operating Fund is further classified as General Operating, Ancillary Enterprises, Research, Sundry Projects, and Student Assistance. The Trust and Endowment Funds are further classified into Expendable and Non-expendable. Expendable fund balances may be used in their entirety within the restrictions established by the provider of the funds. Non-expendable fund balances represent a revenue generating source. Restrictions placed on the fund by the original provider preclude the original fund balance from being spent.

(c) Ancillary Enterprises

The University operates five Ancillary Enterprises: Bookstore, College West Residence, Duplicating Services, Food Services and Parking.

Ancillary Enterprises operate on a fee-for-service basis and must be self funding. Charges to departments and related organizations are not deducted from the expenses of the ancillary, nor are they accounted for as interfund transfers, but are treated as operating revenue in the ancillary and as expenses in the department which received the goods or services.

(d) Investments

i) Investments are recorded at cost. The difference between cost and par value is not amortized but is treated as income or expense in the year of disposal.

ii) Gains or losses on disposal are recorded in the year of disposal.

iii) Shares of stock acquired other than by purchase are recorded at their market value on the date of acquisition.

(e) Accrual Accounting

The University utilizes the accrual basis of accounting for additions to, and deductions from, fund balances except that depreciation or amortization is not recorded on fixed assets except as described in Note 1(a) and vacation pay is not accrued.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value which is principally determined by the first in, first out method. Year end inventories are detailed below.

Department	April 30, 1988	April 30, 1987
Bookstore	$ 919,443	824,737
Physical Plant	335,134	359,396
Science Stores and Shops	109,543	126,180
Duplicating Services	66,545	61,698
Food Services	31,450	33,459
Art Gallery Shop	41,472	36,616
Pottery Studio	--	24,110
Post Office	13,108	19,702
	$1,516,695	1,485,898

2. Change in Accounting Policy

During 1988, the University retroactively changed its policy for recognizing revenue concerning research grants from the Natural Sciences and Engineering Research Council of Canada (NSERC), a federal government agency. These grants are now recorded as revenue when related research expenditures are incurred. Previously, the policy was to record these grants in the period that they were awarded, irrespective of when the related expenditures were made. The effect of the change is a reduction in accounts receivable of $454,460 in 1988 (1987 - $464,841); an increase in contributions and donations (research) of $10,381 in 1988 ($454,460 - $464,841); and a decrease in contributions and donations (research) of $99,553 in 1987 ($464,841 - $365,288). The cumulative effect of this change in accounting policy applicable to years prior to May 1, 1986 is a decrease in Fund Balance of $365,288. The Fund Balance at this date has been adjusted accordingly.

3. Operating and Capital Funding

a) Operating Grants

The province of Saskatchewan provided the University with operating grants totalling $39,619,192 (1987 - $40,453,700).

b) Capital Project Financing Arrangements

Funding for capital projects is arranged through an agreement with the Saskatchewan Property Management Corporation (SPMC) and the Province of Saskatchewan. Under the terms of the agreement, the repayment requirements of the obligation and the interest rate applicable to the funding received are determined from time to time by the Minister of Finance. The agreement states that the obligation of the University is limited to an amount equal to the funds received from the Province for this repayment purpose and also provides for the repayment of these funds by the Province directly to SPMC on behalf of the University. Due to the nature of this arrangement, no liability is recorded in the financial statements of the University. Loan proceeds from SPMC are recorded as capital grants in the year in which they are received/receivable.

The balance of loans outstanding including accrued interest with respect to this financing arrangement at April 30, 1988 was $12,256,014 (April 30, 1987 - $6,405,554).

4. Long Term Liability

A 7 1/4% debenture for $2,080,000 was issued to the Canada Mortgage and Housing Corporation for the construction of the College West Residence Building. The debenture is repayable in equal semi-annual payments over 50 years. A total repayment of $155,210 of blended principal and interest is required each year commencing June 30, 1975 and maturing December 31, 2024. This payment is provided for as a charge to College West Residence Operations. Issue of the debenture was authorized by the Lieutenant Governor in Council under Order in Council No. 871/75.

Following are details of the payments required for the next five fiscal years.

	Interest	Principal	Total
1988-89	143,877	11,333	155,210
1989-90	143,040	12,170	155,210
1990-91	142,142	13,068	155,210
1991-92	141,178	14,032	155,210
1992-93	140,142	15,068	155,210

5. Statutory Obligation

On April 1, 1962, the Wascana Centre Authority was constituted a body corporate under the Wascana Centre Act. The government of Saskatchewan, the City of Regina and the University were named as participating parties. Under this Act, the University is responsible for an annual payment to the Authority equivalent in amount to fifteen percent of the amount assessed by the City of Regina through a levy of 1.55 mills. This payment covers the University's share of the administrative and other costs of the Authority including landscape construction which may be performed on land under the jurisdiction of the Authority. Furthermore, the University has an obligation to the Authority for the cost of landscape construction and landscape maintenance performed on University owned land. Following is information regarding payments made to the Authority as prescribed by the Act during 1987-1988:

	May 1, 1987 to April 30, 1988
Operating Fund:	
Maintenance - Authority Land	$181,766
Maintenance - University Land	379,714
	561,480
Capital Fund:	
Construction	56,250
	$617,730

6. Pension Plans

The University is responsible for the administration of two pension plans, the Non-Academic Pension Plan and the Pension Plan for the Academic and Administrative Employees of the University of Regina. Actuarial valuations are completed regularly as prescribed by statute and any unfunded pension plan liabilities are the responsibility of the University.

The Pension Plan for the Academic and Administrative Employees of The University of Regina is a defined benefit final average pension plan. An actuarial valuation performed on this plan as at December 31, 1987 indicated that, using the accrued benefit actuarial cost method, the present value of accumulated benefits resulting from services provided to the valuation date was $67,063,953. This amount less assets of $67,231,736 based on market values, resulted in an actuarial surplus of $167,783 at December 31, 1987.

The University of Regina Non-Academic Pension Plan is also a defined benefit final average pension plan. An actuarial

valuation performed on this Plan as at January 1, 1987 indicated that, using the accrued benefit actuarial cost method, the present value of accumulated benefits resulting from services provided to the valuation date was $11,141,373. This amount less assets of $12,945,030 based on book values partially adjusted for market values, resulted in an actuarial surplus of $1,803,657 at January 1, 1987.

The University records as pension expense its contributions to the Pension Funds which are in amounts that have been recommended by the actuaries.

7. Interfund Borrowing and Transfers

Periodically, the Operating Fund borrows from the Capital Fund. During the year the Capital Fund loaned $3,000,000 to the Operating Fund. At April 30, 1988 accrued interest of $56,220 was owing by the Operating Fund to the Capital fund. This $56,220 of accrued interest is included as an interfund transfer.

8. Comparative Figures

Certain figures for the previous year have been reclassified in order to make the financial statements comparative.

STATEMENT 1

UNIVERSITY OF REGINA
STATEMENT OF FINANCIAL POSITION
APRIL 30, 1988
(With comparative figures as at April 30, 1987)

	1988	1987
Assets		
Cash less bank overdraft and outstanding cheques	$ 67,396	-
Receivables:		
Provincial Government Grant	-	1,450,000
General	1,949,938	2,022,933
Research and Special Accounts	129,433	238,251
Accrued Interest	184,813	189,613
Loans	94,671	108,846
Prepaid Expenses	156,664	107,853
Inventories (Note 1(f))	1,516,695	1,485,898
Investments (Note 1(d))	7,589,414	6,745,668
(Market value 1988 - $7,587,363 Market value 1987 - $6,829,985)		
	11,689,024	12,349,062
Fixed Assets: (Note 1(a))		
Buildings	47,270,636	45,206,841
Sites and improvements	4,895,030	4,847,235
Furnishings and equipment	11,017,235	10,200,704
Library holdings	1,000,000	1,000,000
Parking lot development	468,349	527,374
	64,651,250	61,782,154
	$ 76,340,274	74,131,216
Liabilities, Fund Balances and Equity		
Bank overdraft less cash and outstanding cheques	$ -	5,482,695
Accounts payable	3,367,755	3,042,578
Deferred income	188,222	146,340
Debenture payable (Note 4)	1,987,297	1,997,850
	5,543,274	10,669,463
Fund Balances: (Statement 2)		
General operating	(5,850,012)	(5,344,084)
Ancillary Enterprises	1,798,608	1,492,422
Capital	3,100,609	(86,891)
Trust and Endowment (Note 1(b))		
Expendable	4,335,527	3,739,505
Non-expendable	3,013,242	2,913,174
Research, sundry projects and student assistance	2,449,100	1,645,077
	8,847,074	4,359,203
Equity in fixed assets (Statement 3)	61,949,926	59,102,550
	$ 76,340,274	74,131,216

On Behalf of the Board of Governors

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(See accompanying notes to financial statements)

STATEMENT 2

UNIVERSITY OF REGINA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 1988
(With comparative figures for the year ended April 30, 1987)

	Operating Fund					Capital Fund	Trust and Endowment Fund		Total 1988	Total 1987
	General Operating	Ancillary Enterprises	Research	Sundry Projects	Student Assistance		Expendable	Non-Expendable		
Additions										
Provincial Government Grants	$ 39,619,192					56,400			39,675,592	40,510,100
Financing from Saskatchewan Property Management Corp.						5,883,000			5,883,000	4,138,999
Student academic fees	9,005,942								9,005,942	8,025,010
Investment income	101,046	65,557				28,702	655,968	1,245	852,518	760,643
Contributions and donations	24,000		3,173,061	2,944,733	907,703		422,107	105,989	7,577,593	6,648,706
Miscellaneous income	484,461								484,461	500,387
Ancillary Enterprises Income		6,016,737							6,016,737	5,642,844
	49,234,641	6,082,294	3,173,061	2,944,733	907,703	5,968,102	1,078,075	107,234	69,495,843	66,226,689
Deductions										
Instruction and public service	38,111,938								38,111,938	38,036,416
Administration	3,974,815						394,844	7,066	4,376,725	4,134,260
Physical Plant	6,999,933								6,999,933	6,877,422
Student and miscellaneous services	822,663								822,663	993,266
Research, sundry projects, and student assistance			2,743,396	2,524,178	953,900				6,221,474	5,964,143
Ancillary Enterprises Expenditures		5,395,898							5,395,898	5,014,956
Sites and improvements						47,795			47,795	60,972
Buildings						2,063,795			2,063,795	3,714,413
Equipment						725,232			725,232	1,248,774
Grants and awards							87,209	100	87,309	76,211
Debt repayment		155,210							155,210	155,210
	49,909,349	5,551,108	2,743,396	2,524,178	953,900	2,836,822	482,053	7,166	65,007,972	66,276,043
Increase (Decrease) to Fund Balances before Interfund Transfers	(674,708)	531,186	429,665	420,555	(46,197)	3,131,280	596,022	100,068	4,487,871	(49,354)
Interfund transfers	168,780	(225,000)				56,220				
Net additions (deductions)	(505,928)	306,186	429,665	420,555	(46,197)	3,187,500	596,022	100,068	4,487,871	(49,354)
Fund balances beginning of year, as restated (Note 2)	(5,344,084)	1,492,422	286,888	1,227,079	131,110	(86,891)	3,739,505	2,913,174	4,359,203	4,408,557
Fund balances end of year	$ (5,850,012)	1,798,608	716,553	1,647,634	84,913	3,100,609	4,335,527	3,013,242	8,847,074	4,359,203

(See accompanying notes to financial statements)

STATEMENT 3

UNIVERSITY OF REGINA
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED APRIL 30, 1988
(With comparative figures for the year ended April 30, 1987)

	1988	1987
Additions		
Expenditures on fixed assets:		
Sites and improvements	$ 47,795	60,972
Buildings	2,063,795	3,714,413
Equipment	725,232	1,248,774
Library acquisitions		1,000,000
Repayment principal - C.M.H.C. Debenture	10,554	9,829
	2,847,376	6,033,988
Balance beginning of year	59,102,550	53,068,562
Balance end of year	$ 61,949,926	59,102,550

(See accompanying notes to financial statements)

THE UNIVERSITY OF SASKATCHEWAN

FINANCIAL STATEMENTS

For the Year Ended April 30, 1988

OFFICE OF THE PROVINCIAL AUDITOR

REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the combined balance sheet of The University of Saskatchewan as at April 30, 1988 and the statements of changes in appropriated-allocated fund balances, changes in appropriated-unallocated and restricted fund balances, changes in endowment principal fund balance, and changes in equity in plant assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of The University of Saskatchewan as at April 30, 1988 and the results of its operations and the changes in its financial position for the the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

W. G. Lutz

Regina, Saskatchewan,
October 7, 1988.

W. G. Lutz, F.C.A.
Provincial Auditor.

THE UNIVERSITY OF SASKATCHEWAN

NOTES TO FINANCIAL STATEMENTS

April 30, 1988

1. Summary of Significant Accounting Policies and Reporting Practices

a) General

These financial statements have been prepared in accordance with accounting principles for Universities as described in the "Guide to Accounting Principles, Practices and Standards of Disclosure for Universities and Colleges of Canada", published in 1984 by the Canadian Association of University Business Officers (CAUBO). Exceptions to these principles are:

- certain additional and replacement equipment acquisitions are not capitalized - (Note 1 (j)).

- library books and periodicals are expensed in the year of acquisition.

b) Fund Accounting

Transactions of the University are accounted for by fund accounting procedures in order to recognize various restrictions imposed on the use of available resources. Under these procedures, revenues and their related expenses are accounted for in separate funds in accordance with objectives specified by donors, limitations and restrictions imposed by sources outside the University and determinations made by the Board of Governors.

For financial statement reporting purposes the Balance Sheet combines the assets, liabilities and fund balances of all funds.

The statements of changes in fund balances show the total income and expenses of the University, after elimination of inter-fund transactions. The University has classified accounts with similar characteristics into major funds as follows:

- the General Operating Fund consists of those revenues and expenses used in the general operations of the University.

- the Sponsored Research Fund consists of funds specifically identified for research or related activities as approved by government granting agencies, research institutes and other public and private organizations.

- the Specific Purpose and Trust Fund consists of those revenues and expenses used for projects and purposes stipulated by the donors and contributors, including scholarships, bursaries, student loans, special research fellowships and awards, clinical practice plan and clinical services funding.

- Ancillary Enterprises provide goods and services to the University community and are expected to operate on a break-even basis. Any deficits must be recovered from future operations and unexpended balances are carried forward for replacement and upgrading of facilities in these ancillary operations. In accordance with the CAUBO guidelines this group of enterprises includes the Bookstore, Food Services, Parking, Student Residences and Vending Services. These enterprises are assessed most overhead costs associated with their operations including payments of principal and interest on all long-term debt.

- the Capital Fund consists of grants, gifts, interest and authorized capital borrowings received for the purpose of acquiring capital assets including those pertaining to ancillary enterprises. These funds may also be used for major renovations, alterations and equipment acquisitions.

- the Endowment Principal Fund consists of gifts and bequests received with the stipulation that these funds be invested and the income earned be utilized for designated purposes.

c) Accrual Accounting

The University utilizes the accrual basis of accounting for additions to and deductions from fund balances except that no provision is made in the financial statements for depreciation on plant assets in the Capital Fund or for accrued vacation pay.

d) Appropriations

The University implemented in 1984-85 a general operating budget program approved by the Board of Governors which allows budget units to carry forward unexpended funds into the subsequent fiscal year. In addition the University has established appropriations for future expenditures of a specific or major nature and to make provision for certain unexpended allocations.

e) Inventories

Inventories of materials and supplies are valued at the lower of cost and net realizable value which is principally determined by the first in first out method. Feedlot cattle are stated at market value and all other inventories of livestock held primarily as experimental animals are valued at the lower of cost or market value.

f) Prepaid Expenses

The University acquired in 1984-85 a new SL-I Telephone system from Sask-Tel by lump sum prepayment of rental charges for the particular equipment. This prepayment, with interest, is being expensed by annual charge to General Operations over a ten year period. The remaining prepaid balance at year end is $1,403,192 (April 30, 1987 - $1,551,867).

g) **Deferred Costs**

The University sets up deferred costs to account for fixed assets acquired by both the Operating Fund and Ancillary Enterprises by means of internal cash loans from operating funds. Internal loans of this nature occur when it is advantageous for the University to use its own cash resources rather than borrowing or leasing from outside parties.

Deferred costs outstanding at April 30, 1988 and their methods of amortization are as follows:

	1988	1987
i) Parking development costs, including Capital Costs for both Reserved Parking and Visitor and Pay Parking - amortized against the Parking Ancillary Enterprise revenues on the basis of the estimated useful life of the particular assets.	$727,183	$522,288
ii) Vending Machines and Food Services Equipment - amortized by annual charge, with interest, to Ancillary Enterprise operations over period established for each transaction, not exceeding the estimated useful life of the equipment acquired.	11,256	35,084
iii) Academic Computing and Printing Services Equipment - amortized by annual charge, with interest, to General operations over period established for each transaction, not exceeding the estimated useful life of the equipment acquired.	9,528	19,055
	$747,967	$576,427

h) **Investments**

Investments purchased are recorded at cost; investments received by bequest or gift are recorded at market value at the date of acquisition. The difference between the cost and the par value of bonds purchased is not amortized but is treated as income or expense in the year of disposal.

i) **Investment in Subsidiary Companies**

Systems Enterprise Developments Ltd., a company continued under The Saskatchewan Business Corporations Act (1977) is a wholly-owned subsidiary and holding company of the University. The corporation qualifies as a tax exempt organization under Section 149 of The Income Tax Act. The company's major assets consist of cash and short-term investments, these being the proceeds from the company's disposal during the 1986-87 year of its minority equity investment in SED Systems Inc.

Biostar Inc. was incorporated under the Canada Business Corporations Act on February 16, 1983. The company was established with the mandate to conduct research, development, testing, production and marketing of animal and poultry health care products and technology. The University's investment in this taxable Canadian corporation consists of a controlling interest in the voting share capital of the company.

The University does not consider it appropriate to consolidate the accounts of these two subsidiary companies with those of the University of Saskatchewan and accordingly the University accounts for its investments in accordance with the equity method.

The investment and related equity account are summarized as follows:

	1988	1987
Investment Account		
Systems Enterprise Developments Ltd.		
- Carrying Value of Investment in shares	$1,769,022	$1,632,997
Biostar Inc.		
- Carrying Value of Investment in shares	420,595	376,953
	$2,189,617	$2,009,950
Equity Account		
Systems Enterprise Developments Ltd.		
- Balance - beginning of year	$1,261,334	$439,047
- Equity gain during year	136,025	822,287
Balance - end of year	1,397,359	1,261,334
Biostar Inc.		
- Balance - beginning of year	375,176	207,788
- Equity gain during year	43,642	167,388
Balance - end of year	418,818	375,176
	$1,816,177	$1,636,510

j) Plant Assets

Expenditures for the acquisition of new properties, constructing of new buildings, rehabilitating existing buildings, initially equipping these new and rehabilitated buildings and acquiring certain additional or replacement equipment are recorded in the Statement of Changes in

Appropriated-Unallocated and Restricted Fund Balances (Statement 3) in the year in which they are incurred and are included as plant assets, at cost, on the Balance Sheet and are not depreciated.

Certain other additional and replacement equipment is acquired through the expenditure of funds provided by the General Operating Fund, Sponsored Research Fund, Specific Purpose and Trust Fund, and Ancillary Enterprise operations. The costs of these acquisitions are expensed during the year and are not capitalized on the Balance Sheet as Plant Assets.

2. **Long-Term Debt**

	1988	1987
a) Canada Mortgage and Housing Corp. - 6 7/8% Debentures due May 1, December 1, 2020	$3,174,632	$3,200,580

This liability represents the remaining principal balance payable on two loans totalling $3,450,000 originally borrowed from Canada Mortgage and Housing Corporation in 1970 to finance construction of the McEown Park Student Housing Complex.

These loans are repayable in equal semi-annual instalments of blended principal and interest over 50 years. The total annual payments of $245,550 are recovered in their entirety from the operating revenues of the Student Residences.

b) Province of Saskatchewan - 9.14% Loan due January 5, 1996	793,636	852,009

This liability represents the net balance payable, after deduction of equity in a related Sinking Fund of $946,364 at April 30, 1988 (April 30, 1987 - $887,991) on a loan of $1,740,000 originally borrowed from the Saskatchewan Universities Commission in 1976 to finance construction of an additional (fourth) high-rise apartment building within the McEown Park Student Housing Complex.

Upon repeal of The Universities Commission Act, 1974 this asset of the Saskatchewan Universities Commission was assumed by the Crown.

	1988	1987
The terms of the loan require payment on a semi-annual basis, of the periodic interest due on the principal sum borrowed plus the payment of an annual instalment to the Province of Saskatchewan for investment in a Government administered Sinking Fund established to provide for repayment of the loan principal on maturity date. These payments totalling $193,836 per year are recovered in their entirety from the operating revenues of the Student Residences.		
Over the next five years the annual payment by the University to the Province for investment in the form of sinking fund instalment will amount to $34,800 per year.		
c) **Due to Province of Saskatchewan**	493,846	501,646
As part of the original arrangements for repayment of a loan to Canada Mortgage and Housing Corporation, it was agreed that $600,000 of the principal portion due would be recovered from the University of Saskatchewan by charges to the Residence and Food Service operations of $33,410 per year.		
The balance of this loan which was previously payable to the Saskatchewan Universities Commission is nov payable to the Provincial Government.		
	$4,462,114	$4,554,235

3. Pension Plans

a) **Academic Pension Plan**

An actuarial valuation of the Pension Plan for the Academic Employees of the University of Saskatchewan as at December 31, 1987 indicates that the fund is in a very strong position to meet its statutory obligations with an accrued surplus of $26.0 million.

On the advice of the Actuary, and with the approval of the University the accrued surplus is held in established reserve balances in the fund in accordance with the requirements of the terms of the plan.

b) **Non-Academic Pension Plan**

An actuarial valuation of the Non-Academic Pension Plan as at January 1, 1987 indicates that the plan has an unallocated surplus of $3,410,618. In addition, an allocated surplus of $1,458,083 is held in a contribution stabilization reserve.

4. **Capital Commitments**

The estimated costs of contractual commitments to complete major capital projects in progress as at April 30, 1988 is approximately $4,442,649 (April 30, 1987 - $6,865,712).

5. **Capital Project Financing Arrangements**

Funding for Capital projects is arranged through an agreement with the Saskatchewan Property Management Corporation (SPMC) and the Province of Saskatchevan. Under the terms of the agreement, the repayment requirements of the obligation and the interest rate applicable to the funding received are determined from time to time by the Minister of Finance. The agreement states that the obligation of the University of Saskatchevan is limited to an amount equal to the funds received from the Province for this repayment purpose and also provides for the repayment of these funds by the Province directly to SPMC on behalf of the University of Saskatchevan. Due to the nature of this arrangement, no liability is recorded in the financial statements of the University of Saskatchevan. Loan proceeds from SPMC are recorded as Capital grants in the year in which they are received/receivable.

The balance of loans outstanding including accrued interest with respect to this financing arrangement April 30, 1988 was $56,607,209 (April 30, 1987 - $36,561,307).

6. **Long Term Receivable**

This receivable from the City of Saskatoon in the amount of $1,905,000 as at April 30, 1988 (April 30, 1987 - $1,905,000) represents the remaining balance due from the City relating to sale of land in the 1986-87 year. Of the total amount, $400,000 was due April 30, 1988 and the remaining balance is to be received in annual amounts of $400,000 on April 30, 1989 to 1991, and $305,000 on April 30, 1992.

The University Board of Governors has authorized that the proceeds from this land sale be available, as required, to fund approved remedial costs associated with the closure and decommissioning of the University disposal site, and to fund approved costs associated with the establishment of a Waste Management Facility.

7. **Statutory Obligations**

Under the provisions of The Meevasin Valley Authority Act, the Meevasin Valley Authority is constituted as a body corporate, and the Government of Saskatchewan, the City of Saskatoon and the University of Saskatchewan were named as participating parties.

In accordance with the provisions of the Act, the University is responsible for an annual payment to the Authority of a sum equivalent to twenty-nine and one-third percent of an amount determined by application of a levy of four mills on the City of Saskatoon assessments of lands and buildings in the 1983 taxation year together with an increase of three percent of that assessment compounded annually. The Government of Saskatchewan has enacted amendments to the Meevasin Valley Authority Act which prescribe that the University's 1988-89 statutory obligation for contribution to the Authority will be equal to the amount paid by the participating parties in the 1987-88 year which in the case of the University is $604,096 (April 30, 1987 - $604,096)

8. **Industrial Relations**

The Collective Agreements between The University of Saskatchevan and The University of Saskatchevan Faculty Association, and between The University of Regina and The University of Saskatchevan and The University Employees' Union Local 1975, C.U.P.E. expired on June 30, 1987 and December 31, 1987 respectively.

As negotiations are still in progress with each of the bargaining units no accrual has been made for retroactive salary increases payable, if any.

9. **Comparative Figures**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 1987-88 financial statements.

THE UNIVERSITY OF SASKATCHEWAN
Combined Balance Sheet
As at April 30, 1988
(thousands of dollars)

ASSETS	1988	1987
Cash and short term investments	$53,863	$51,720
Accrued interest receivable	1,189	906
Accounts and loans receivable	9,005	8,616
Accounts receivable -		
Province of Saskatchewan (Note 5)	3,200	3,050
Inventories (Note 1 (e))	4,583	4,100
Prepaid expenses (Note 1 (f))	1,958	2,144
Deferred costs (Note 1 (g))	748	576
Long term receivable (Note 6)	1,905	1,905
Long term investments (market value - $21,977; 1987 - $19,825) (Note 1 (h))	20,874	18,304
Investment in subsidiary companies (Note 1 (i))	2,190	2,010
Other assets	320	340
Plant assets (Note 1 (j))		
Land and site improvements	15,730	14,441
Buildings	209,498	196,865
Equipment and furnishings	42,918	37,368
	$367,981	$342,345

LIABILITIES AND FUND BALANCES	1988	1987
Bank overdraft	$777	$2,947
Accounts payable and accrued liabilities	13,669	11,898
Accounts payable for contractors holdbacks	241	662
Unearned fees and other deferred revenue	876	1,088
Long-term debt (Note 2)	4,462	4,554
Fund balances		
Appropriated		
Allocated (Statement 2)		
General operating	9,230	10,559
Ancillary enterprises	891	801
Capital	6,231	6,427
Unallocated (Statement 3)		
Ancillary enterprises	4,160	3,733
Capital	299	517
Restricted (Statement 3)		
Sponsored research	7,897	6,981
Specific purpose and trust	39,493	35,231
Non-expendable (Statement 4)		
Endowment principal fund balance	14,255	11,241
Equity in plant assets (Statement 5)	263,684	244,070
Equity in subsidiary companies (Note 1 (i))	1,816	1,636
	$367,981	$342,345

The accompanying notes form an integral part of these Financial Statements.

Approved by the Board of Governors

Chairman, Board of Governors

Vice-President (Administration)

THE UNIVERSITY OF SASKATCHEWAN
Statement of Changes in Appropriated-Allocated Fund Balances
For the Year Ended April 30, 1988
(thousands of dollars)

	General Operating		Ancillary Enterprises		Capital	
	1988	1987	1988	1987	1988	1987
Fund balance, beginning of year	$10,559	$9,301	$801	$727	$6,427	$5,858
Released from prior year's appropriation (Statement 3)	(4,706)	(2,114)	(68)	(87)	(6,427)	(5,858)
Appropriations for the year (Statement 3)	3,377	3,372	158	161	6,231	6,427
Fund balance, end of year (Statement 1)	$9,230	$10,559	$891	$801	$6,231	$6,427
Detail of appropriated-allocated fund balance at end of year						
Purchase order commitments carried forward	$1,011	$1,858	$0	$0	$0	$0
Equalization of group insurance premiums reserve	93	103				
Non-academic dental plan claims reserve	77	57				
College/departmental appropriations carried forward	3,027	4,188				
Provision for authorized specific expenditures						
-Administration Building computer relocation and furniture		57				
-Equalization of insurance premiums	29					
-Equipment for plant recombinant DNA laboratory		60				
-Faculty accountable professional expense accounts	599	411				
-Faculty salaries withheld	983					
-Faculty staff travel fund	86	80				
-Financial information system		60				
-Office of Research Services	100	200				
-Salary contract settlements	894					
-Student information system	90					
-Student summer employment program	250	250				
Provision for the replacement of equipment, furnishings and facilities	383	383	891	801		
Operating reserve	1,608	2,852				
Provision for authorized capital projects					6,231	6,427
	$9,230	$10,559	$891	$801	$6,231	$6,427

The accompanying notes form an integral part of these Financial Statements

THE UNIVERSITY OF SASKATCHEWAN
Statement of Changes in Appropriated-Unallocated and Restricted Fund Balances
For the Year Ended April 30, 1988
(thousands of dollars)

	General Operating		Sponsored Research		Specific Purpose and Trust		Ancillary Enterprises		Capital		Total	
	1988	1987	1988	1987	1988	1987	1988	1987	1988	1987	1988	1987
REVENUE AND OTHER ADDITIONS												
Government grants and contracts												
Government of Canada	$0	$0	$17,564	$16,470	$1,434	$1,096	$0	$0	$0	$1,692	$18,998	$19,258
Province of Saskatchewan	104,530	104,456	8,889	9,928	7,459	7,363			18,926	22,195	139,804	143,942
Other	2,594	2,462	85	333	905	1,120					3,584	3,915
Student fees	18,977	17,666			511	500					19,488	18,166
Gifts, grants and bequests			5,151	4,929	8,350	4,735					13,501	9,664
Sales of services and products							13,679	13,685			13,679	13,685
Income from investments	3,029	2,972	102		3,510	3,322	80	83	350	577	7,071	6,954
Miscellaneous income	346	586	50	66	462	481			759	2,512	1,617	3,645
	129,476	128,142	31,841	31,726	22,631	18,617	13,759	13,768	20,035	26,976	217,742	219,229
EXPENDITURE AND OTHER DEDUCTIONS												
Salaries-academic ranks	57,270	57,073	223	196	11,065	11,794					68,558	69,063
-student	1,504	1,548	3,535	1,955	6,968	6,719					12,007	10,222
-other support staff	35,407	34,337	14,916	15,980	15,057	14,754	3,260	3,234			68,640	68,305
Employee benefits	10,857	10,570	1,127	1,022	1,635	1,623	312	298			13,931	13,513
Travel and field trips	1,553	1,504	1,978	1,905	2,417	2,591	15	15			5,963	6,015
Library acquisitions	3,444	3,070	26	22	209	210					3,679	3,302
Operational supplies and expenses	8,958	8,348	6,680	6,039	5,039	3,668	407	392	169	292	21,253	18,739
Equipment and furnishings	3,446	2,008	3,496	3,783	1,617	1,410	393	181	5,551	6,726	14,503	14,108
Equipment rental and maintenance	3,660	3,703	533	338	361	372	248	232			4,802	4,645
Renovations and alterations	3,491	3,325			96	163	467	476			4,054	3,964
Utilities	7,480	6,987	3	4			589	517			8,072	7,508
Space rental	323	334	21	85	117	48	126	121			587	588
Scholarships, bursaries and prizes					1,862	1,727					1,862	1,727
Professional fees	177	155	44	27	295	204	305	295			821	681
Insurance	488	469	4	4	11	8					503	481
Dues and memberships	177	121	10	7	689	763					876	891
Cost of goods sold							6,624	6,337			6,624	6,337
Debt servicing							473	473			473	473
Buildings					175				12,507	17,238	12,682	17,238
Land and site improvements	162	180							1,289	1,553	1,451	1,733
Meewasin Valley Authority levy									604	604	604	604
Internal cost allocation		(4)				4					0	0
External cost recoveries	(8,043)	(7,201)	(69)		(31,474)	(32,785)					(39,586)	(39,986)
	130,354	126,527	32,527	31,367	16,139	13,273	13,219	12,571	20,120	26,413	212,359	210,151

Increase (decrease) for the year	(878)	1,615	(686)	359	6,492	5,344	540	1,197	(85)	563	5,383	9,078
APPROPRIATIONS-ALLOCATED (Statement 2)												
Released from prior year's appropriation	4,706	2,114					68	87	6,427	5,858	11,201	8,059
Appropriations for the year	(3,377)	(3,372)					(158)	(161)	(6,231)	(6,427)	(9,766)	(9,960)
Net increase (decrease) for the year	451	357	(686)	359	6,492	5,344	450	1,123	111	(6)	6,818	7,177
Fund balance, beginning of year			6,981	6,073	35,231	30,213	3,733	2,642	517	536	46,462	39,464
Interfund transfers	(451)	(357)	1,602	549	(2,230)	(326)	(23)	(32)	(329)	(13)	(1,431)	(179)
Fund balance, end of year (Statement 1)	$0	$0	$7,897	$6,981	$39,493	$35,231	$4,160	$3,733	$299	$517	$51,849	$46,462

The accompanying notes form an integral part of these Financial Statements

THE UNIVERSITY OF SASKATCHEWAN
Statement of Changes in Endowment Principal Fund Balance
For the Year Ended April 30, 1988
(thousands of dollars)

	1988	1987
ENDOWMENT PRINCIPAL ADDITIONS		
Gifts, grants and bequests	$1,556	$592
Income from investments	30	24
Miscellaneous income	5	1
Collection of doubtful accounts		2
	1,591	619
ENDOWMENT PRINCIPAL DEDUCTIONS		
Allowance for loans doubtful of collection	6	3
Internal cost allocation	2	2
	8	5
Increase (decrease) for the year	1,583	614
Fund balance, beginning of year	11,241	10,449
Interfund transfers	1,431	178
Fund balance, end of year (Statement 1)	$14,255	$11,241

The accompanying notes form an integral part of these Financial Statements

THE UNIVERSITY OF SASKATCHEWAN
Statement of Changes in Equity in Plant Assets
For the Year Ended April 30, 1988
(thousands of dollars)

	1988	1987
EQUITY INCREASED BY		
Additions to plant assets (Statement 3)		
Land and site improvements	$1,289	$1,553
Buildings	12,682	17,238
Equipment and furnishings	5,551	6,726
Repayment of long-term principal-		
Canada Mortgage and Housing Corporation Debentures	26	24
Reduction of due to Province of Saskatchewan	8	7
Sinking fund instalment plus interest-		
Province of Saskatchewan loan-		
McEown Park - Unit IV	58	176
	19,614	25,724
EQUITY DECREASED BY		
Disposal of land		49
Net increase during the year	19,614	25,675
Equity, beginning of year	244,070	218,395
Equity, end of year (Statement 1)	$263,684	$244,070

The accompanying notes form an integral part of these Financial Statements